

Finance Committee

Meeting held 11 September 2023

**PRESENT:** Councillors Zahira Naz (Chair), Toby Mallinson (Group Spokesperson), Mike Chaplin, Glynis Chapman, Marieanne Elliot, Mary Lea, Shaffaq Mohammed, Ibby Ullah and Andrew Sangar (Substitute Member)

**1. APOLOGIES FOR ABSENCE**

1.1 Apologies for absence were received from Councillor Mike Levery, Councillor Andrew Sangar (MBE) attended as a substitute member.

**2. EXCLUSION OF PRESS AND PUBLIC**

2.1 It was noted that Appendix 3 to the report at item 9 on the agenda and the appendices to item 11 on the agenda were not available to the public or press because they contained exempt information. If Members wished to discuss the exempt information, the Committee would ask the members of the public and press to kindly leave for that part of the meeting and the webcast would be paused.

**3. DECLARATIONS OF INTEREST**

3.1 Councillor Andrew Sangar (MBE) declared a personal interest in relation to item 11 as his son owned property near to the land at Cotton Mill Row, Kelham Island. Councillor Sangar declared that he would withdraw from the meeting and take no part in the discussion or voting thereon.

**4. MINUTES OF PREVIOUS MEETING**

4.1 The Minutes of the meeting of the Committee held on 1 August 2023 were approved as a correct record.

4.2 As a matter arising from the Minutes, officers agreed to provide an update to Members on the due diligence being undertaken on the grant of a lease to K S Yearley F C B Ltd Pension Scheme.

**5. PUBLIC QUESTIONS AND PETITIONS**

5.1 Mike Hodson attended the Committee and asked the following questions on behalf of the Friends of Millhouses Park:

1. How can the Waggon & Horses seating area ["beer garden"] continue to be "within the Park" [Report para 2.2] while it is under the control of and leased to the Public House?

2. The Report [Para 2.2] describes the provision of a "second refreshment offer

as desirable” as “the area around the Park is not well-served by cafe offers”. Does the Committee agree that this is scarcely compatible with the fact that within 2-3 mins walk from the North end of the Park, within the Millhouses shopping area, are 2 more pubs, 2 restaurants, 4 cafes, a fish-and-chip shop and 2 takeaways: plus there is a cafe opposite the Park on Terminus Rd. and there are also three supermarkets, two with cafes, within easy walking distance of the Park?

3. The suggestion in the Report [Para 2.3] is that 'future income via other (competing) businesses in the Park will increase'. Our understanding is that this will happen via rent increases for the Park Cafe and the Ice-cream Van. Does the Committee agree that if true, such rent increase could just as easily result in those businesses closing down – which could mean a loss of income to PCS, and/or a poorer offer for park users; and that this would also reduce the Value for Money benefits to the Council?

4. Para 2.4 suggests the Lease process conforms to the principles and requirements of the Building Better Parks Strategy. In view of the following

the two-year history of the negotiations [described as “protracted” “convoluted” and “difficult”]; [Report Para 1.3 Decisions Para 8.3.1]

the repeated violation of the terms of the three Tenancy at Will agreements by TNB [Report Paras 1.5.5 – 1.5.8]

the recently-publicised financial and other problems experienced by True North BrewCo; [the [Star 2 August](#); the [Sheffield Tribune 7 August](#)]

and the acknowledged threat of legal action by TNB against the Council; [Para 5.1]

does your Lease Approval conform with the following criteria from the Council’s Building Better Parks Strategy?

The Council maintaining policy and asset control  
supporting external partners needing to be aligned to the Council’s priorities and values  
potential partners to be viable and sustainable.

5. Does the proposed “reconciliation of monies owed and the set-off against the back-rent to be collected” [Para 4.2.3] mean that TNB will in fact only have had one year rent-free? As against the 18 months mentioned in a previous response from Parks & Countryside Service?
6. Does Para 4.3.3 mean that the Council will only agree the Lease subject to the Lessee agreeing to ‘contract-out of the provisions of the Landlord & Tenant Act 1954’? Does the Lease contain terms guaranteeing that the Council can regain control over the land leased if it decides not to renew the Lease at the end of

the term set? NB Both the term of the Lease and the terms for ending the Lease are redacted from the Report but are presumably known to your Committee [Appendix 1].

7. How does your Committee suggest the Council does its 'due diligence' in relation to the Lessee now being not 'True North Brew Co' [as stated in the Report] but the 'K S Yeardley F C B Ltd Pension Scheme'? [as stated in the Decisions publication.]

The Chair responded with the following answers:

1. The area will be subject to a lease and remains within the boundary of the Park. The ownership remains with the city council. This is the same arrangement for cafes within parks including the one at Millhouses.
2. Millhouses Park is a large city park and it is the council's view that the addition of the seating area will offer park visitors further refreshment options.
3. Para 2.3 states ....it is clear that the introduction of this second refreshment facility has and will continue to reduce income that is generated through other partners in the park. We anticipate this potentially being a short-term impact with future agreements increasing income reflecting the significant use and opportunity in Millhouses Park.

The park is a popular destination, and we believe that it can incorporate a range of offers which are offered at market rent.

4. Yes, we believe so.
5. Yes Para 4.2.3 states a 12 month rent free period has been agreed in recognition of the capital expenditure on the site but as no rent has yet been collected for the periods of occupancy and trading to date, there will need to be a reconciliation of monies owed and a set off against this sum.
6. Yes. The purpose of contracting a lease out of the terms of the 1954 Act is to ensure that the tenant, at the expiry of the contractual term does not have any rights to stay in occupation nor would the Council need a reason to regain possession of the leased area.
7. Due diligence on 'K S Yeardley F C B Ltd Pension Scheme' and its covenant strength will be undertaken prior to entering into any lease. This is standard practice with all lease arrangements.

## **6. MEMBERS' QUESTIONS**

- 6.1 There were no questions from Members of the Committee.

## **7. WORK PROGRAMME**

7.1 The Committee received a report containing the Committee's Work Programme for consideration and discussion. The aim of the Work Programme was to show all known, substantive agenda items for forthcoming meetings of the Committee, to enable this Committee, other committees, officers, partners and the public to plan their work with and for the Committee.

7.2 **RESOLVED UNANIMOUSLY:** That Finance Committee:-

1. approves the Committee's work programme, as set out in Appendix 1; and
2. gives consideration to any further issues to be explored by officers for inclusion in Part 2 of Appendix 1 of the next work programme report, for potential addition to the work programme.

## **8. QUARTER 1 BUDGET MONITORING (2023/24)**

8.1 The Director of Finance and Commercial Services and the Head of Accounting submitted a report bringing the Committee up to date with the Council's outturn position for 2023/24 including the General Fund revenue position, Housing Revenue Account and Capital Programme Monitoring (Appendix 1). The report also provided an update of the Council's Treasury Management activity (Appendix 2) and the Collection Fund Account (Appendix 3).

8.2 The Monitoring Officer brought an urgent issue to the attention of the Committee regarding a need to vire funding from the Ward Pots budget to the Local Area Committees (LAC) budget. Additional spending of £700k (£25k per ward), to be delivered through the LAC process, had been approved by Council in March 2023. However, the approved budget set out that the funding be added to the Ward Pots which are administered by the LAC team and not subject to LAC decision making. Therefore, to give effect to the budget resolution as intended, the Committee were asked to approve a virement of £700k from the Ward Pots budget to the LAC budget to enable the LACs to use the money to support their community plan priorities. Members discussed if £25k needed to be spent in each ward or whether the LAC could decide to combine the funding to support projects involving multiple wards. Though it was not a decision for Finance Committee, Members agreed that the LACs should have the ability to determine how to spend the money in their areas, however the situation needed to be resolved formally by the Council.

8.3 Officers agreed to provide Members with further information on when the last review of home to school transport was undertaken, what the recommendations were and whether they were all implemented. Members took a keen interest in the overspend in the Education, Children and Families and Adult Health and Social Care budgets and requested that the overspends be reviewed by the respective Committees.

8.4 Officers agreed to provide Members with benchmarking information comparing Sheffield City Council's budget position with other major cities.

**8.5 RESOLVED UNANIMOUSLY:** That Finance Committee:-

- a) approves the virement of £700k from the Ward Pots (£25k per ward) to the Local Area Committees (LACs);
- b) notes the updated information and management actions provided by this report on the 2023/24 Revenue Budget Outturn as described in this report;
- c) notes the updated information and management actions provided by this report on the Q1 2023/24 Capital Programme Monitoring as described in Appendix 1;
- d) notes the Treasury Management report for Q1 2023/24 as described in Appendix 2; and
- e) notes the Collection Fund monitoring report for Q1 2023/24 as described in Appendix 3.

**8.6 Reasons for Decision**

- 8.6.1 To record formally changes to the Revenue Budget and the Capital Programme.

**8.7 Alternatives Considered and Rejected**

- 8.7.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

**9. CAPITAL APPROVALS MONTH 4 (2023/24)**

- 9.1 The Finance Manager submitted a report that provided details of proposed changes to the existing Capital Programme as brought forward in Month 4 2023/24.

- 9.2 Officers agreed to provide Members with further information on projects coming forward to increase the number of Integrated Resource placements across the city.

**9.3 RESOLVED UNANIMOUSLY:** That Finance Committee:-

- (i) approves the proposed additions and variations to the Capital Programme listed in Appendix 1;
- (ii) approves in principle the award of grant funding as identified in Appendix 2 and delegates approval of the grant award to the Director of Regeneration and Development. Such approval (and entry into the agreement) is to be subject to the prior completion of a subsidy control principles assessment to

demonstrate to the reasonable satisfaction of the Director of Regeneration and Development that the above grant award is consistent with the subsidy control principles; and

(iii) approves the acceptance of grant funding as identified in Appendix 3.

#### 9.4 **Reasons for Decision**

9.4.1 The proposed changes to the Capital Programme will improve the services to the people of Sheffield.

9.4.2 To formally record changes to the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.

#### 9.5 **Alternatives Considered and Rejected**

9.5.1 A number of alternative courses of action are considered as part of the process undertaken by Officers before decisions are recommended to Members. The recommendations made to Members represent what Officers believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme.

### 10. **ECONOMIC RECOVERY FUND ROUND 2 - SCORING OUTCOME**

10.1 The Economic Policy Officer submitted a report that provided an overview of progress to deliver the second round of the Economic Recovery Fund (ERF) now that the application and scoring phases had completed. The report listed the outcomes of the scoring process for all applications and provided information about the geographical spread and make-up of the areas that applied for funding. The report marked the point at which ERF moved from the application and scoring phases into the contracting phase, which would enable successful projects to start delivering improvements and activities in their area.

10.2 **RESOLVED UNANIMOUSLY:** That Finance Committee:-

1. Approves Sheffield City Council (“SCC”) to allocate funding to areas offered over £50,000 (up to £200,000) and, subject to due diligence and other checks being undertaken to the satisfaction of the Director of Economic Development, Culture and Skills, for SCC to enter into a funding agreement with an appropriate lead organisation for each of the areas listed in the table below:

<b>Project Area</b>	<b>Funding Offer (final figures TBC)</b>
Crookes	£90,000
Darnall	£100,000
Harborough Avenue	£70,000

Heeley & Newfield Greens	£100,000
London Road	£142,355
Northern Avenue	£66,818
Spital Hill	£74,470
Westfield	£71,456
Woodhouse	£70,000

2. Notes the areas listed in the table below have been allocated funding of up to £50,000 under the general delegation to officers, subject to due diligence and other checks being satisfied:

<b>Project Area</b>	<b>Funding Offer (final figures TBC)</b>
Abbeydale	£37,682
Banner Cross	£36,198
Broomhill	£40,250
Chapelton	£49,644
Ecclesfield	£38,857
Firth Park	£39,932
Greenhill	£50,000
Hackenthorpe	£49,573
Hillsborough	£46,022
Infirmary Road	£32,116
Lowedges	£37,321
Middlewood	£48,971
Stannington	£49,962
Walkley	£35,052

### 10.3 Reasons for Decision

- 10.3.1 The nature of ERF means that the projects that have been allocated funding have been through a rigorous process, both during the development of the applications and in scoring. The ERF Steering Group are collectively supportive of the outcomes of this process and in the recommendations presented here.
- 10.3.2 The successful projects have been informed of the outcome in principle and are awaiting Committee approval in order to move forward. Delaying or changing these recommendations may have an impact on the Council's reputation in these areas and would impact on the delivery of the intended outcomes of the ERF.
- 10.3.3 The recommendations here allow the Council to continue its work to engage with and empower local businesses and high streets and support their recovery following the impacts of the Covid-19 pandemic and subsequent cost of living crisis.

10.3.4 The intended outcome is to have a programme that meets the ERF objectives through the successful delivery of the proposals in these 23 projects as well as the Council’s Delivery Plan objectives.

**10.4 Alternatives Considered and Rejected**

**10.4.1 Programme**

As noted, a range of options for delivering ERF2 were considered over summer and autumn 2022. Several alternative ways of delivering the second round of funding were considered as part of this process and proposals were made in relation to changing and improving the second round of funding. These were approved by the EDSP Committee at its meeting on 19<sup>th</sup> October 2022. This approach has subsequently been enacted so the proposals here are the outcome of an agreed process.

**10.4.2 Outcomes**

Because the Fund was oversubscribed, Steering Group had to look at ways of managing that and ensuring funding offers were within the available budget and made in a fair way (as described in appendix 1).

10.4.3 Alternatives to that included the following, but the agreed approach was felt by the Steering Group to be a balanced, individualised and fair way of dealing with the budget pressure that took into account the specific elements within each project and strengths and weaknesses. It was felt that any blanket measures would cut across these nuances and lead to outcomes unreflective of their scoring judgements.

<b>Alternative</b>	<b>Rationale</b>	<b>Why rejected</b>
Making a blanket cut to all projects that passed scoring	To reduce the overall funding ask to keep within the budget	Projects had different strengths and weaknesses and this tactic felt unfair and arbitrary to the Steering Group
Raising threshold at which projects would have passed	To reduce the number of projects that would receive funding	Project that passed scoring not receiving funding – Steering Group wanted to maximise the number of areas that could benefit from the Fund
To remove specific types of activity from all budgets	To reduce the overall funding ask and limit specific activity	This would have potentially been applied unequally across projects, depending on whether they had included the activity in their proposals or not

10.5 Councillor Andrew Sangar (MBE) left the meeting at this point.



## **11. SALE OF LAND AT COTTON MILL ROW, KELHAM ISLAND, SHEFFIELD**

11.1 The Head of Regeneration and Property Services submitted a report proposing the disposal of freehold land at Cotton Mill Row, Kelham Island, Sheffield, S3 on a private treaty basis, on the terms set out in the Appendix to the report, for the development of a high-density residential led mixed use scheme.

11.2 As the land had not been subject to a competitive marketing process and consideration to be received by the Council would exceed £300k, the report sought approval of the Finance Committee to dispose of the Land.

11.3 **RESOLVED UNANIMOUSLY:** That Finance Committee approves the freehold sale of the Land on the terms set out in the Appendix 3.

### **11.4 Reasons for Decision**

11.4.1 The intended outcome of the proposal is to deliver new residential accommodation within the city centre and repurpose vacant and redundant commercial sites where older buildings are inefficient and would benefit from redevelopment.

11.4.2 The development proposals will help attract additional footfall which will be of benefit to the city centre. The disposal will also deliver a significant capital receipt, increased Council Tax revenue and CIL contribution for the Council.

11.4.3 The proposals will deliver the economic and financial benefits as outlined within this report.

### **11.5 Alternatives Considered and Rejected**

11.5.1 The Council could do nothing; this may result in the Land remaining vacant for several more years and would not contribute to the Council's aspirations to see the Kelham Island area regenerated. This could also have a negative impact on the future use of the Land.

11.5.2 The Council could offer the Land for sale in the open market; this may result in a disposal and subsequent development, but in isolation, due to its small size, the Land would be limited in terms of future development potential, and it is considered that a sale would generate a lower capital receipt for the Council as a result.

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